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Only in eight out of 167 hsien in the Northeast and 19 out of the 336 in North China do hsien or local cooperative societies have yet to be organized. Out of the 428 hsien in East China, 239 have local cooperatives, while in East China as a whole there are 88 district, 9 special district, 16 provincial, and 4 administrative-region level cooperatives and supervisory bodies. Undoubtedly, as the number of cooperatives increase, the cooperative system will become an indispensable part of the people's economy.

From the financial viewpoint, the total assets of all the cooperatives in the nation amount to 370 billion yuan. In the Northeast, the total assets equal 1,676,400,000,000 Northeast yuan and 90 percent of these assets are owned by members. Although these assets seem small, yet the business volume is great. For instance, the total value of all the cooperative purchasing and marketing transactions in the past year amounted to 9,190,000,000,000 Northeast yuan or the equivalent of 1,300,000 tons of kaoliang. This constituted 40 percent of the total trade volume last year within that area, at the equivalent of 3,260,000 tons of kaoliang, or 14 percent of the total needs of the people in that area. The figure for the first quarter of this year was 9,770,000,000,000 Northeast yuan, which exceeds last year's total. Thus, the total value of cooperative business transactions in the first quarter of this year equaled 927 million catties of millet and was 82 percent of that of last year. The East China area also had a total business value of 800 million catties of millet in the first quarter of 1950.

Heilungkiang Province, though sparsely populated, already has 2,047 cooperatives with 1,420,000 members. As organization, membership, and shares have grown, cooperatives in Heilungkiang have contributed greatly to the commodity trade between the rural and urban regions. Due to the orderly adoption of a contract system and the close contact between the cooperatives and the publicly owned enterprises, in Heilungkiang alone the business volume in the first quarter of 1950 went up to 1,608,200,000,000 Northeast yuan, which is 82 percent of last year's total, or 26 percent of the total community transactions.

Cooperatives have proved to be a great help to farmers in that area. In the first quarter of the farming season, cooperatives provided farmers with 2,249 new farm machines, 2,322 head of livestock, 4,080,000 catties of seed, and 6,990,000 catties of feed. Cooperatives in Nan-ho Hsien purchased 18,800,000 catties of unsold soybeans, thus increasing the farmers' productive capital by about 30 billion Northeast yuan.

In distributing goods for the government, the cooperatives have become an indispensable help to the government-owned enterprises in Heilungkiang. In fact, cooperatives accounted for 43 percent of the total goods distributed by the government, 45 percent of the foodstuff purchased, and 50 percent of the native products sales. All these transactions on behalf of the government are included in 12,282 contracts amounting to 923.9 billion Northeast yuan, and constitute 70 percent of the total business handled by cooperatives in the province. Through the contract system, commerce in general and the cooperative business in particular, have been greatly enhanced. As the total value of business volume done by cooperatives on behalf of the government increased 14 percent over that of the fourth quarter of 1949, the cooperatives' financial conditions have been greatly improved. For example, the total capital of all cooperatives in Heilungkiang has risen 63 percent over what it was at the end of last year, with an accumulated surplus of 100 billion Northeast yuan. In short, as the individual cooperative society improved its organization and business under a well-integrated plan, the cooperative system as a whole has become the center of rural economic activities.

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In North China, as a result of the leadership and support given by the government, the party, the government-owned enterprises, and banks, cooperatives there showed great progress. There were 13,291 local cooperatives up to March 1950, an increase of 50 percent over last year; a membership of 1,210,316, which amounted to a 350-percent increase; and share capital equivalent to the value of 4,200,000 catties of millet, 470 percent over last year. According to still incomplete estimates the total purchases and sales in 1949 amounted to 524,870,000 and 629,960,000 catties of millet, respectively. Purchases for the first quarter of 1950 were 82.27 percent above the 1949 total, and the total business volume of all cooperatives in North China was 14.2 percent of the total business of that area from January to July 1950. This indicates clearly that cooperatives have made rapid progress in the North China area. Some business as well as political aspects of cooperative activities may be summarized as follows:

1. Stepping up economic recovery by improving the purchasing power of the people: In cooperation with the government's farm credit policy, cooperatives make loans to farmers in the form of farm implements, machinery and livestock. In coordination with the government trade policy, cooperatives distribute foodstuffs, fertilizer, salt, coal, and cloth in exchange for farm products, native products, and others. They also collect straw, eggs, and Chinese drugs on behalf of government-owned companies for export purposes. In addition, they seek to improve contact with cooperatives in the Northeast and Inner Mongolia in the straw and pepper trade. In short, cooperatives have done much to increase the people's earnings.

2. Direct aid to farmers during the farming season: Last spring, cooperatives distributed farm machinery and tools totaling 1,641,262 units, 34312,429 catties of relief seed, and 86,128,668 catties of fertilizer. By making advance purchases of cotton, cooperatives have greatly increased cotton production.

3. Giving relief to stricken areas: By supporting the handicraft industries, cooperatives bring great relief to famine-stricken people. It is estimated that for supplementary handicraft industries, such as weaving, reed-mat weaving, and gathering soil alkali, etc., relief payments of about 80,000,000 catties of kaoliang were received. Forty other supplementary handicraft industries also received payments equivalent to 68,285,081 catties of millet, an amount sufficient to feed 1,000 people for a month. Moreover, cooperatives organized shipping facilities and payments to these reached 6,942,936 catties of millet, according to the estimate of the T'ang-shan Special Administrative District. All these activities have not only helped the government to carry out its promise that no one shall starve, but also have expanded the cooperative business tremendously.

4. Support of the government's economic policy: Cooperatives collected 517,000 piculs (one picul equals 133.3 pounds) of cotton from August 1949 to February 1950 for publicly owned companies, which equals 45.7 percent of total government collections. The Chahar Native Products Company received 61 percent of its purchases of Chinese drugs from cooperatives last year. In Hopeh and Pingyuan, cooperatives exchanged government-owned millet for wheat with the farmers. In return for 75,450 catties of wheat, 110,983 catties of millet and corn were distributed at the ratio of one catty of wheat for 1.6 catties of millet or corn. Thus, cooperatives have helped the government as well as the farmers in giving the latter price supports.

Another example shows how cooperatives can help small producers and support the government. To collect cotton for government-owned companies, a contract was signed between the North China Federation of Cooperatives and the North China Cotton Yarn and Cloth Company. Further detailed agreements were worked out on local levels between these two parties. As a result, not

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only was the government's price regulation (fixing the ratio of one catty of cotton at 10 catties of rice) carried out successfully, but punctual delivery and higher quality were also assured. As a matter of fact, requirements, such as the one that impurities should not exceed 1.5 percent, that moisture content be less than 11 percent, etc., were fully carried out.

In the East China area, there are 11,780 cooperatives with 4,060,000 members. (Approximately 5,000 production units organized under the relief program last spring are not included here.) These cooperatives supplied part of the daily necessities, thus saving for the people about 112 million yuan in middlemen's profits. The number of cooperatives has shown a great increase in the East China area, where the famine situation is at its worst. Accordingly, cooperatives there are concentrating their efforts on relief work. If the last quarter of 1949 is taken as a base period with the number of cooperatives, membership, and capital as 100, respectively, then in the first quarter of 1950, the number of cooperatives was 145.52, membership, 143.92, and capital, 186.67. Cooperatives in the famine area made up 73.9 percent of the total increase in number of cooperatives and 62.1 percent in membership. The total value of business transactions was 30,008,000 yuan, or 69.99 percent of the total cooperative transactions in the East China area.

Cooperatives in the East China area also purchase wheat, cotton, silk, tea, and native products, and distribute industrial goods to the rural area. Thus, cooperatives in that area have done their best to stimulate trade and help the government to check inflation.

It is clear from the data covering the major regions that cooperatives have been growing since last year and are now becoming an indispensable power in the people's economy. In fact, cooperatives in general have made a very great contribution in eliminating middlemen's exploitation, protecting small producers, relieving high costs of living, supporting government policies, and bringing relief to famine areas.

However, as a result of the lack of a definite policy for cooperative development, the absence of uniform laws and regulations, and inexperience in management, most cooperatives are having far from normal growth. Some are merely owned and run by the government, while others are dependent completely on government support instead of being self-sufficient. Many consumers' cooperatives operated by governmental offices are run for profit rather than serving the members first. There are still others which are capitalistic stores or workshops aiming at profit sharing. Still worse are those which engage in speculation in the name of cooperation. Very few cooperatives hold democratic elections. Some of them even withdraw business plans or financial reports from open discussion in general meetings. Consequently, extravagance and corruption are found in many cooperatives, because they are not being supervised by the members.

These are the shortcomings in the course of cooperative development which must be, and will be, corrected.

Under the leadership of Liu Shao-ch'i, vice-chairman of the Central People's government, and Po I-po, head of the Committee of Finance and Economics, the cooperative workers all over the nation held a conference for 22 days in June 1950. After discussions and self-criticism of their past errors, either in their thinking or in practice, these representatives became more familiar with the nature, function, policies, and practices of the cooperative system. Therefore, they passed resolutions concerning the draft of the Cooperative Law for the People's Republic of China to be forwarded to the government. In addition, they accepted a constitution for the National Federation of Cooperative Societies and drafted constitutions for cooperatives on the different levels.

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